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Ontario Transportation Royal Commission

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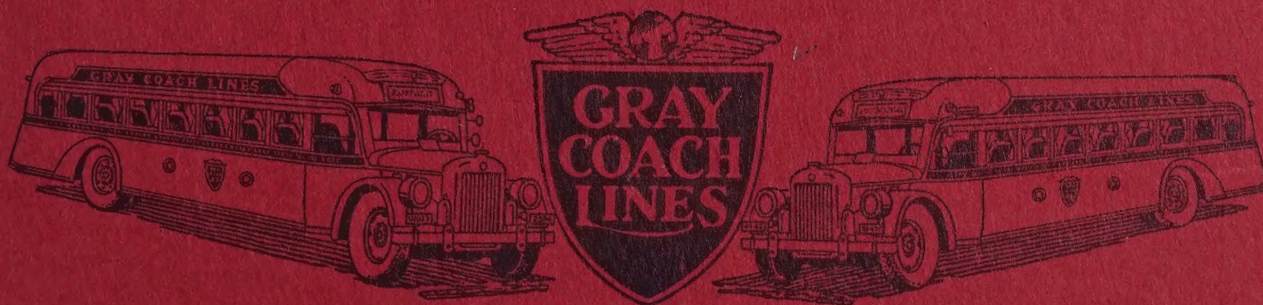
*Gray Coach Lines
Exhibit*



Fifteenth Annual Statement

Toronto Transportation Commission

December 31st, 1936



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Submitted to
Ontario Transportation Royal Commission 1938

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Attached to
Gray Coach Lines Statement

Exhibit B

Fifteenth Annual Statement
Toronto Transportation Commission

December 31st, 1936

TORONTO TRANSPORTATION COMMISSION

WM. C. MCBRIEN
CHAIRMAN

S. J. MCMASTER
VICE-CHAIRMAN

F. L. HUBBARD
COMMISSIONER

35 YONGE STREET
TORONTO, 2
CANADA

D. W. HARVEY
GENERAL MANAGER

May 14th, 1937.

YOUR REF.

OUR REF. 10-97-11

SUBJECT Annual Statement—1936.

W. D. Robbins Esq., Mayor,
and Members of the Council
of the Corporation of the City of Toronto.

Gentlemen:

Your Commissioners submit herewith the Fifteenth Annual Statement of the Toronto Transportation Commission for the year 1936.

The financial results for the year were satisfactory. Gross revenue of the system increased 1.27 per cent. over the revenue for the year 1935. While the net income was again not quite sufficient to meet the entire amount estimated to be necessary for depreciation and amortization, the sum withdrawn for this purpose from operating reserves accumulated in past years was only \$6,340.54. This amount is much the smallest deficiency of any of the last five years.

Gray Coach Lines, which has never failed to earn dividends and adequate reserves since its establishment in 1927, also showed very satisfactory results for the year 1936. The gross revenue of the Company exceeded the revenue of 1935 by nearly \$50,000.00, an increase of 5.37 per cent. The net income available for reserves, dividends and surplus exceeded the income of any previous year except 1929 and 1930.

It is a matter of some disappointment that gross revenues of the street railway and city bus system have not increased more nearly in line with the undoubted improvement in employment and general business conditions in Toronto. There are unfortunately still a large number of citizens unemployed, whose families in many cases are receiving some form of relief, and this fact cannot help having considerable influence on the revenues of the city transportation system. Competition from the use of private motor cars is also con-

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stantly increasing, and the number registered in Toronto and neighbouring municipalities is much greater at the present time than ever before.

Your Commissioners endeavour to provide the maximum amount of service possible with the revenues available. While improvements have been made to the service even during the depression, as a result of numerous operating economies, larger revenues would permit more extensive developments. The introduction of the present transit type bus on all city routes has been a particularly satisfactory improvement in the standard of service provided.

Progress, however, must necessarily be slower than the Commissioners desire, unless there is a more rapid growth in business than has taken place since 1933. It is of course fundamental to maintain the present sound financial position of the Commission.

Some progress was made during 1936 in the endeavour to reach a settlement of the several long-outstanding differences which have existed between the Commission and the City of Toronto, namely, the liability for losses involved in street widenings, the cost for moving of poles and overhead wires, and the question of the Commission's liability for local improvement rates. The friendly legal action brought by the City, in which these matters came up for judicial determination, referred to in the Annual Statement for the year 1934, finally culminated in a decision by the Honourable Mr. Justice Kingstone on October 29th, 1936, under which the Commission is to be compensated by the City for the losses caused by street widenings and the costs for moving of poles, and the Commission is adjudged liable for all local improvement rates assessed against its properties. Under this decision it is the opinion of the Commissioners that in any settlement a substantial amount, in the net, will be owing to the Commission.

The Commission advised your Board of its willingness to accept this judgment of Mr. Justice Kingstone, but have not been advised of what action the City will take.

The details of the operating results for 1936 are referred to in more detail in the annual report made by the General Manager of the Transportation System to the Commissioners, which has been approved by them, and is transmitted herewith for your further information.

The books and accounts of the Commission for the year have been audited by Price, Waterhouse & Company, and their certificate is attached hereto.

Respectfully submitted,

Wm. C. McBRIEN, Chairman.
S. J. McMASTER, Vice-Chairman.
F. L. HUBBARD, Commissioner.

II.

35 Yonge Street,
TORONTO, 2,
May 14th, 1937.

Wm. C. McBrien Esq., Chairman,
S. J. McMaster Esq., Vice-Chairman,
F. L. Hubbard Esq., Commissioner,
The Toronto Transportation Commission.

FIFTEENTH ANNUAL STATEMENT—1936

Gentlemen:

I beg to submit herewith a review of the operations of the Toronto Transportation Commission for the year 1936, including the motor coach transportation services which are carried on by Gray Coach Lines, Limited.

The financial results for the year 1936 compare with the statement for 1935 as follows:

	1935	1936
Gross Revenue	\$10,516,795.96	\$10,650,096.34
Expenses for Operation and Maintenance	6,367,958.01	6,488,398.83
Income Available for Fixed Charges and Reserves	\$ 4,148,837.95	\$ 4,161,697.51
Fixed Charges and Reserves	4,141,103.43	4,153,279.85
Balance of Income carried to Accumulated Surplus	\$ 7,734.52	\$ 8,417.66

INCOME ACCOUNT:

Gross Revenue of the Commission for 1936 was \$10,650,096.34, an increase of \$133,300.38 compared with the revenue for the year 1935, a gain of 1.27 per cent. As compared with 1933, in which year the gross revenue of \$10,293,212.46 was the lowest in the history of the Commission, the revenue for 1936 was greater by \$356,883.88, an increase of three and one-half per cent. in the three years.

The increase in revenue in 1936 enabled the Commission to improve the transportation services to some extent, which involved increased operating expenses, but the net income available for fixed charges and reserves was the highest of the last four years. While for the fifth successive year the amount of net income was insufficient, after paying the annual interest and sinking

fund charges, to provide the full appropriation estimated to be necessary for depreciation and amortization, the Commission was obliged to transfer for this purpose, from accumulated operating reserves, the sum of only \$6,340.54.

The improvement in the financial position which has taken place is indicated by a comparison of the withdrawals from reserves to meet full depreciation and amortization in the previous four years as follows:

1932.....	\$265,893.78
1933.....	301,767.26
1934.....	174,298.76
1935.....	122,282.56

A high standard of service was maintained during 1936, the mileage of street cars and buses, not including motor coaches operated by Gray Coach Lines, totalling 23,419,660 miles, an increase of 34,770 over the mileage of 1935.

BALANCE SHEET:

During the year 1936 there was a net reduction in Capital Assets of approximately \$340,000.00, due chiefly to the retirement of old street cars formerly owned by the Toronto Railway Company, and by the Civic Railways prior to 1921. Also the remaining section of radial railway on the Kingston Road between Birchmount loop and Scarboro Post Office was discontinued. The total investment in Road and Equipment as of December 31st, 1936, was \$46,207,793.13.

Reserve appropriations not needed for replacements or additional equipment during the year were invested in government and municipal bonds, and the total of such invested funds was \$3,627,500.93 as of December 31st, 1936.

While the Commission's reserves and surplus are slightly lower than a year ago, examination of the Balance Sheet indicates an entirely sound condition and an ability to meet any contingencies that can be reasonably anticipated. At the same time the Commission is in a position to make moderate improvements to the service from time to time as revenues permit.

FARES:

The average fare on the city system of the Transportation Commission in 1936 was 6.170 cents, one of the lowest street car fares on the continent. This average includes the adult fare of four tickets for 25 cents, which all but 3 per cent. of the passengers pay, the school children's rate of 7 tickets for 25 cents, and the extremely low rate of 10 tickets for 25 cents for children under 51 inches in height.

In comparison the average fare during 1936 in all cities of the United States of 50,000 population or larger (except New York) was 7.83 cents, approximately 27 per cent. more than the average fare in Toronto. Such a rate, if it had been in effect in Toronto in 1936, would have cost the car riders about \$2,500,000.00 more for transportation than they actually paid.

TRACK SYSTEM AND BUS ROUTES:

No extensions of track were made during 1936. A little over 4.5 miles of old suburban track on Kingston Road outside the city was removed as has been referred to.

Several important replacements of track totalling seven and one-third miles were carried out in 1936, and a high standard of maintenance was continued on the entire system. The rebuilding and replacements included the following sections:

King Street from Sherbourne Street to St. Lawrence Street.

Prince Edward Viaduct from Parliament Street to Broadview Avenue.

Bay Street from Wellington Street to Richmond Street.

College Street from Dovercourt Road to Clinton Street.

Adelaide Street from Spadina Avenue to John Street.

Dundas Street from Roncesvalles Avenue to Vincent Street.

Danforth Avenue from Greenwood Avenue to Hillingdon Avenue.

Danforth Avenue from Main Street to Luttrell Avenue.

In addition the complete intersection at Adelaide and Victoria Streets was rebuilt.

In order to improve traffic conditions at the corner of Roncesvalles Avenue and Queen Street, and provide a more convenient service for passengers using the Long Branch route, a new loop was constructed at that corner, enabling passengers to board cars at the waiting room away from vehicular traffic.

A loop was also constructed at the corner of Danforth Avenue and Coxwell Avenue for the convenience of passengers using cars operating on Coxwell Avenue.

As of December 31st, 1936, the totals of track property expressed in miles of single track, were as follows:

Track owned by the Transportation Commission	245.03 miles
Track operated by the Transportation Commission:	
For the Township of York	12.45 miles
For the Town of Weston	1.76 "
For the Townships of North York, Markham and Vaughan, and the Village of Richmond Hill	11.55 "
Total track operated	<u>25.76 miles</u>
Total track owned and operated	<u><u>270.79 miles</u></u>

With the exception of the double track line from the Humber River to Long Branch on the Lake Shore Road, and from Victoria Park Avenue to Birchmount loop on the Kingston Road, the entire track system owned by the Commission is now within the corporate limits of the city. All of this system is well located at present to provide adequate and convenient service.

Two new bus routes were established during 1936, namely, the Scarboro route on Kingston Road and the Eglinton West bus route. The latter, in addition to the city service, also operates in Forest Hill and the Township of York.

The route mileage of interurban coach services was increased during 1936 by the extension of the Muskoka route to North Bay and to Parry Sound.

As of December 31st, 1936, the totals of bus and coach routes owned or operated by the Commission were as follows:

City Coach and Bus Routes—route mileage	43.31 miles
Interurban Coach Routes—route mileage	734.19 "
Bus Routes in Forest Hill, East York, Leaside and York Town- ship	11.66 "
Total Bus and Coach Route miles	<u><u>789.16 miles</u></u>
The total mileage of track, and the route mileage of bus and coach routes as of December 31st, 1936, was	<u><u>1,059.95 miles</u></u>

BUILDINGS:

The Commission continued a careful standard of maintenance on all buildings which it owns.

No building project of major magnitude was undertaken during 1936, but two small waiting room structures were built, one at the corner of Queen Street and Roncesvalles Avenue and the other at the corner of Danforth and Coxwell Avenues.

The former included facilities for both a waiting room and restaurant and serves passengers for the street railway lines in that locality and also passengers for the important routes of Gray Coach Lines which pass Sunnyside.

The building at Danforth and Coxwell Avenues provides convenient facilities for a waiting room for street railway passengers transferring at that point.

ROLLING STOCK:

As of December 31st, 1936, the Commission owned 878 passenger street cars, 89 electric service cars, 194 motor buses and coaches, 33 motor trucks, and 12 motor snow plows and sanders.

A total of 71 street cars were retired from service during the year and were not replaced.

Twenty-three buses for city service which had reached the end of their useful life were retired, and modern transit type buses took their place. This type, with rear engine drive, has proved to be very attractive and economical to operate.

From the reserves of Gray Coach Lines, seven transit type coaches were purchased for use on the de luxe Hill route, and the frequency of service on this route was doubled with very satisfactory results.

To take care of expanding interurban services, Gray Coach Lines also acquired four large coaches of modern highway type.

A high standard of maintenance was continued as usual on all types of rolling stock.

ROUTINGS:

Only two important changes affecting operation of street car routes were made during 1936.

Scarboro Route: This route, operating on Kingston Road between Birchmount loop and Scarboro Post Office, was discontinued as a street car service on June 25th.

Beach and Lake Shore Routes: For Sunday service only, these two routes, normally operating from the east and west end of Queen Street respectively to the centre of the city, were combined on November 1st as a single route known as Beach route and operated between Neville Park loop and Parkside loop.

Two new bus routes were established during the year and two bus routes were slightly altered.

Scarboro Route: Service by bus replaced the street car service on Kingston Road, referred to above, between Birchmount loop and Scarboro Post Office on June 26th.

Oakwood Route: On August 4th the route of the Oakwood bus service was altered to north on Oakwood Avenue from Davenport Road, east on St. Clair Avenue, south on Alberta Avenue and Mount Royal Avenue to Davenport Road, and thence west to Oakwood Avenue.

Eglinton West Route: On October 14th a bus service on Eglinton Avenue West between Yonge Street and Times Road in the Township of York was commenced as a joint service between the Commission, the Village of Forest Hill and the Township of York. From Yonge Street to the city limits this service is operated as a city bus route at standard city fares.

Davisville Route: With the commencement of the Eglinton West bus service, operation of the Davisville route on Eglinton Avenue West was discontinued, the terminus being altered to the corner of Oriole Parkway and Eglinton Avenue West.

OPERATION IN OUTSIDE MUNICIPALITIES:

The Transportation Commission operates either street railway or bus transportation facilities in nine adjoining municipalities under special agreements which impose no financial obligation on the Commission or the City of Toronto. The extent of these operations is set out in a preceding table.

All of these services, while connecting with the city lines, operate at separate fares and have no transfer privileges from or to the City System. Their financial structure and profit or loss from operation have no connection with the finances of the Transportation Commission.

ISLAND FERRY SERVICE:

The Island Ferry Service is operated by the Commission as trustee for the City of Toronto under a special agreement entered into in 1927, which also provides for separate financial arrangements. A statement as to the operation of the Ferry Service is therefore not a part of this report.

GRAY COACH LINES, LIMITED:

Gray Coach Lines, Limited, operates all of the motor coach transportation services of the Commission which are carried on at special rates of fare separate from the city street railway and feeder bus services.

The financial results of this Company for 1936 are included in the consolidated statements accompanying this report, and also are shown in separate statements attached hereto.

Compared with the year 1935, the results for 1936 were as follows:

	1935	1936
Gross Revenue	\$920,865.03	\$970,264.48
Expenses of Operation	658,462.52	677,968.70
Income available for Reserves and Dividend	\$262,402.51	\$292,295.78
Dividend at 5% paid to Transportation Commission	50,000.00	50,000.00
Income available for Reserves and Surplus	\$212,402.51	\$242,295.78
Appropriated for Reserves	204,737.00	234,046.93
Carried to Accumulated Surplus	\$ 7,665.51	\$ 8,248.85

Gross Revenue of Gray Coach Lines for 1936 exceeded that of 1935 by almost \$50,000.00, a gain of 5.37 per cent.

Operating expenses of the Company on the other hand increased slightly less than \$20,000.00 in the same period, so that the net income available for reserves and dividends recorded an improvement over 1935 of approximately \$30,000.00. The net income for 1936 was greater than in any previous years except 1929 and 1930.

This result enabled the Company to strengthen materially the position of all operating reserves, as well as paying the usual dividends and providing for full depreciation and amortization charges.

From reserve funds available 11 new coaches were purchased. At the same time the Company increased its holdings of government and municipal bonds by more than \$105,000.00. The total of invested funds as of December 31st, 1936, was \$425,960.48.

The year 1933 was the lowest for Gray Coach Lines, as it was for the city street railway and bus system. In the three years since that time, gross

revenue has increased nineteen and one-half per cent., a striking indication of the continued popularity of this form of travel.

CONCLUSIONS:

The foregoing report indicates a very definite improvement in the financial position of the Transportation Commission as compared with the results of operation in the worst years of the depression. The revenues in 1936 were very close to meeting all operating expenses and reserves; that is, the service was provided at almost exactly cost.

Without further gains in revenue, or unless additional economies can be effected, further expansion of the services provided in the city must necessarily be slow. The Commission is faced with steadily rising costs of many items of materials used in construction work and for repairs and maintenance of the railway. The cost of electric power continues to be a serious handicap in the development of the transportation services. Recent reductions in the rates charged the City of Toronto by the Hydro-Electric Power Commission of Ontario apparently will not have a large effect on the cost for power which the Commission pays.

The prospect of any considerable increase in revenue is uncertain. Reference to Table II — Revenue Passengers year by year on the City System, shows that from the low point of 1933 the trend of traffic has been erratic. There was a gain of over three million passengers in 1934, a loss of over two million in 1935, and a gain of 1,420,000 passengers in 1936. More than a third of the increase in 1936, however, was due to the extra day, February 29th, in that year, and will be a loss of the same amount in 1937.

The Commission under present circumstances, therefore, is not in a position to undertake extensions of service which are not justified from an economic standpoint, nor is it in a position to assume additional burdens of expense. Minor improvements can and will be made from time to time as finances permit.

Finally, may I again express, on behalf of the officials and myself, our sincere thanks to the staff and the men for their loyal assistance and co-operation in providing the best possible service. The co-operation and support of the Public, the Ontario Municipal Board and the Civic Authorities in carrying on this important public service is also greatly appreciated.

Yours faithfully,

D. W. HARVEY,

General Manager.

TABLES
AND
FINANCIAL STATEMENTS

TORONTO TRANSPORTATION COMMISSION

TORONTO TRANSPORTATION COMMISSION AND ITS SUBSIDIARIES

TABLE I.

COMPARATIVE CONSOLIDATED INCOME ACCOUNT

REVENUE:	<u>1935</u>	<u>1936</u>
Passenger Earnings:		
Railway and bus transportation	\$ 9,248,891.27	\$ 9,344,878.18
Motor Coach transportation	822,232.78	862,543.45
Interest on invested funds and bank balances..	152,664.77	149,437.65
From sundry other sources	293,007.14	293,237.06
Gross Revenue	<u>\$10,516,795.96</u>	<u>\$10,650,096.34</u>
EXPENSES:		
Cost of electric current, including maintenance and operation of substations	\$ 978,414.50	\$ 1,000,944.17
All other operating expenses (except those dealt with below) including maintenance, repairs, taxes and expenses of administration	5,300,263.51	5,356,995.79
Provisions for:		
Workmen's compensation and public liability	85,000.00	127,440.66
Estimated losses on accounts receivable..	4,280.00	3,018.21
Total Expenses	<u>\$ 6,367,958.01</u>	<u>\$ 6,488,398.83</u>
Income available for interest, depreciation and amortization and other reserves	<u>\$ 4,148,837.95</u>	<u>\$ 4,161,697.51</u>
FIXED CHARGES AND RESERVES:		
Transferred to City Treasurer:		
For debenture interest	\$ 1,611,647.06	\$ 1,518,512.69
For retirement of debentures	1,387,918.14	1,441,171.78
Provision for depreciation and amortization not provided for by debenture retirement reserve	1,136,538.23	1,183,595.38
Appropriated to reserve for contingencies.....	5,000.00	10,000.00
Total Fixed Charges and Reserves....	<u>\$ 4,141,103.43</u>	<u>\$ 4,153,279.85</u>
Balance of income for the year carried to accumulated surplus	<u>\$ 7,734.52</u>	<u>\$ 8,417.66</u>

TORONTO TRANSPORTATION COMMISSION

TABLE II.
COMPARATIVE STATISTICS
REVENUE PASSENGERS
(City System)

<u>Year</u>		<u>Month</u>	<u>1935</u>	<u>1936</u>
1921 (Four Months)	61,870,213	January	13,064,203	12,666,520
1922	187,145,261	February	12,406,445	12,887,637
1923	189,143,145	March	13,331,108	13,552,261
1924	185,203,698	April	12,518,609	12,552,568
1925	180,779,925	May	12,448,432	12,400,105
1926	183,494,076	June	11,748,409	12,061,689
1927	187,757,023	July	11,060,717	10,872,640
1928	193,642,927	August	11,539,631	11,032,641
1929	206,822,838	September	11,784,711	12,369,127
1930	199,522,863	October	12,617,941	12,867,503
1931	182,923,203	November	12,807,157	12,954,877
1932	161,623,302	December	13,388,293	13,917,624
1933	147,582,487			
1934	150,826,100		<u>148,715,656</u>	<u>150,135,192</u>
1935	148,715,656			
1936	150,135,192			

TORONTO TRANSPORTATION COMMISSION

GRAY COACH LINES, LIMITED

TABLE III.

COMPARATIVE INCOME ACCOUNT

REVENUE:	<u>1935</u>	<u>1936</u>
Passenger Earnings	\$ 819,255.36	\$ 859,345.99
Interest on invested funds and bank balances	13,186.45	16,412.19
From sundry other sources	88,423.22	94,506.30
Gross Revenue	<u>\$ 920,865.03</u>	<u>\$ 970,264.48</u>
EXPENSES:		
Operating Expenses, except those dealt with below	\$ 633,462.52	\$ 657,115.49
Provisions for:		
Workmen's compensation and public liability	25,000.00	20,000.00
Estimated losses on accounts receivable.. ..		853.21
Total Expenses	<u>\$ 658,462.52</u>	<u>\$ 677,968.70</u>
Income before providing for depreciation and amortization and other reserves	<u>\$ 262,402.51</u>	<u>\$ 292,295.78</u>
DIVIDENDS AND RESERVES:		
Dividend at 5%, payable to Toronto Transportation Commission	\$ 50,000.00	\$ 50,000.00
Provisions for:		
Depreciation of motor coaches, launches and other equipment	169,952.00	194,261.93
Amortization of franchise rights	29,785.00	29,785.00
Appropriated to reserve for contingencies.....	5,000.00	10,000.00
Total Dividend and Reserves	<u>\$ 254,737.00</u>	<u>\$ 284,046.93</u>
Balance of income for the year carried to accumulated surplus	<u>\$ 7,665.51</u>	<u>\$ 8,248.85</u>

TORONTO TRANSPORTATION COMMISSION

TORONTO TRANSPORTATION COMMISSION AND ITS SUBSIDIARIES

TABLE IV.
COMPARATIVE INCOME STATEMENTS
I. CONSOLIDATED SYSTEM

	<u>Gross Revenue</u>	<u>Operating Expenses</u>	<u>Net Income</u>	<u>Interest and Retirement of Debentures</u>
1921 (Four Months) ...	\$ 4,071,969.73	\$2,499,773.34	\$1,572,196.39	\$ 642,805.99
1922	11,651,512.49	8,468,841.54	3,182,670.95	1,837,977.28
1923	11,852,334.63	8,104,680.29	3,747,654.34	2,387,725.79
1924	11,709,695.28	7,788,563.81	3,921,131.47	2,733,385.64
1925	11,626,658.70	7,387,570.83	4,239,087.87	3,081,703.36
1926	12,050,304.23	7,508,915.80	4,541,388.43	3,273,045.60
1927	12,635,320.15	7,606,080.75	5,029,239.40	3,267,175.65
1928	13,269,718.47	8,172,306.49	5,097,411.98	3,217,151.74
1929	14,498,624.12	9,131,853.48	5,366,770.64	3,267,693.03
1930	14,068,379.51	9,008,602.85	5,059,776.66	3,111,899.08
1931	12,800,638.67	8,026,809.02	4,773,829.65	3,123,859.10
1932	11,243,785.48	6,987,428.33	4,256,357.15	3,120,850.79
1933	10,293,212.46	6,262,298.90	4,030,913.56	3,034,342.41
1934	10,570,097.77	6,482,152.84	4,087,944.93	3,011,554.59
1935	10,516,795.96	6,367,958.01	4,148,837.95	2,999,565.20
1936	10,650,096.34	6,488,398.83	4,161,697.51	2,959,684.47

II. GRAY COACH LINES, LIMITED

	<u>Gross Revenue</u>	<u>Operating Expenses</u>	<u>Net Income</u>
1925	\$ 132,008.03	\$ 95,271.90	\$ 36,736.13
1926	300,811.21	211,548.26	89,262.95
1927	570,994.23	418,653.75	152,340.48
1928	840,044.85	587,951.53	252,093.32
1929	1,278,433.67	937,663.43	340,770.24
1930	1,322,076.51	973,653.37	348,423.14
1931	1,114,437.40	806,634.79	307,802.61
1932	923,011.82	718,331.17	204,680.65
1933	812,961.29	631,512.21	181,449.08
1934	883,484.22	650,155.07	233,329.15
1935	920,865.03	658,462.52	262,402.51
1936	970,264.48	677,968.70	292,295.78

Royal Bank Building,

Toronto, May 4, 1937.

To the Chairman and Members
of the Toronto Transportation Commission:

We have made an examination of the consolidated balance sheet of the Toronto Transportation Commission and its subsidiaries, Gray Coach Lines, Limited and Niagara Coach Corporation, as at December 31, 1936, and of the consolidated income account and statement of accumulated surplus for the year ending on that date. In connection therewith, we made a comprehensive examination of the detail transactions for the year by examining or testing the accounting records and other supporting evidence, and obtained all the information and explanations which we required; we also made a general review of the accounting methods.

The attached consolidated balance sheet does not reflect disputed accounts outstanding between the Commission and the City of Toronto which are referred to in the report of the Commissioners to the Mayor and Members of the Council.

In our opinion, based upon the examination indicated above and subject to the remarks in the second paragraph hereof, the attached consolidated balance sheet is properly drawn up so as to exhibit a true and correct view of the financial position of the Commission and its subsidiaries as at December 31, 1936, and the attached consolidated income account and statement of accumulated surplus fairly set forth the results of operations for the year ending on that date, according to the best of our information and the explanations given to us, and as shown by the books.

(Sgd.) PRICE, WATERHOUSE & CO.,
Chartered Accountants.

TORONTO TRANSPORTATION COMMISSION

TORONTO TRANSPORTATION COMMISSION AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

ASSETS

CAPITAL ASSETS:

Road and Equipment at cost , including land, buildings, sub-station equipment, electrical distribution system, track-work, rolling stock, motor coaches and buses, machinery and tools	\$46,207,793.13	
Intangible Assets at cost , including excess paid for Toronto Railway Company and subsidiaries over the Commission's valuation of the tangible assets acquired, assessments for grade separations, franchise rights of Gray Coach Lines, Limited, etc.	5,098,190.44	
Debenture Discount and Expenses	1,480,343.56	
Mortgages Receivable on property sold	108,848.42	
Leaseholds	14,160.95	
		\$52,909,336.50

INVESTED FUNDS:

Dominion Government and municipal bonds at cost (market value \$3,681,435.00)	3,627,500.93
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CURRENT AND WORKING ASSETS:

Book inventories of operating supplies valued on the basis of cost, as certified to by the management	\$ 453,343.38	
Unexpired insurance premiums, prepaid licenses, taxes, etc.	143,122.38	
Trade accounts receivable, less reserve of \$7,890.18 for estimated losses	419,076.06	
Interest accrued	35,388.82	
Working funds advanced to agents, conductors, etc.	148,347.00	
Cash on hand and in banks	511,554.60	
		1,710,832.24

\$58,247,669.67

TORONTO TRANSPORTATION COMMISSION

TORONTO TRANSPORTATION COMMISSION AND ITS SUBSIDIARIES
SHEET DECEMBER 31st, 1936

LIABILITIES AND RESERVES

CAPITAL ACCOUNT:

Corporation of the City of Toronto:

Par value of debentures issued for transportation purposes \$44,062,340.65

Less: Proceeds of such debentures not requisitioned by
Commission and applied by City Treasurer to redemption
of debentures 1,989,214.55

\$42,073,126.10

Less: Funds obtained from earnings of Com-
mission transferred to City Treasurer for
redemption of debentures, and debentures
redeemed out of surplus earnings of the
sinking fund of the City of Toronto.....\$16,323,491.98

Amounts accrued to December 31, 1936 for
redemption of debentures as shown in

Sundry Liabilities 590,844.10 16,914,336.08

\$25,158,790.02

SUNDRY LIABILITIES:

Accounts payable, due and accrued \$ 765,736.45

Accrual for debenture interest 97,319.17

Accrual for redemption of debentures 590,844.10

1,453,899.72

DEBENTURE RETIREMENT RESERVE:

Representing funds provided from earnings transferred to City
Treasurer for redemption of debentures, as above \$16,914,336.08

Less: Provision to amortize debenture discount and expenses
of issues redeemed in full, applied in eliminating such dis-
count and expenses from the accounts 89,783.77

16,824,552.31

OTHER CAPITAL RESERVES:

Amount provided from earnings for depreciation and amortiza-
tion not provided for by debenture retirement reserve, as
above, now invested in property and bonds \$12,636,785.60

Reserve for foreign exchange 518,401.97

13,155,187.57

OPERATING RESERVES AND RESERVES FOR CONTINGENCIES:

For workmen's compensation and public liability \$ 462,056.34

For redemption of unrepresented tickets 265,723.51

For contingencies 309,031.48

1,036,811.33

RESERVE FOR REVENUE STABILIZATION 100,000.00

ACCUMULATED SURPLUS 518,428.72

\$58,247,669.67

TORONTO TRANSPORTATION COMMISSION

TORONTO TRANSPORTATION COMMISSION AND ITS SUBSIDIARIES

CONSOLIDATED INCOME ACCOUNT

SECTION I.

EXPENSES

Cost of electric current, including maintenance and operation of substations	\$ 1,000,944.17
All other operating expenses (except those dealt with below), including maintenance, repairs, taxes and expenses of administration	5,356,995.79
Provisions for:	
Workmen's compensation and public liability	127,440.66
Estimated losses on accounts receivable	3,018.21
Income available for interest, depreciation and amortization, etc., carried down to Section II.	4,161,697.51
	<u>\$ 10,650,096.34</u>

SECTION II.

Transferred to City Treasurer:	
For debenture interest	\$ 1,518,512.69
For retirement of debentures	1,441,171.78
	<u>\$ 2,959,684.47</u>
Provision for depreciation and amortization not provided for by debenture retirement reserve	1,189,935.92
Appropriated to reserve for contingencies	10,000.00
Balance of income for the year carried to accumulated surplus	8,417.66
	<u>\$ 4,168,038.05</u>

TORONTO TRANSPORTATION COMMISSION

TORONTO TRANSPORTATION COMMISSION AND ITS SUBSIDIARIES

FOR THE YEAR ENDING DECEMBER 31, 1936

REVENUE

Earnings from passengers	\$ 10,207,421.63
Interest on invested funds and bank balances, etc.	149,437.65
From sundry other sources	293,237.06

\$ 10,650,096.34

Income available for interest, depreciation and amortization, etc., brought down from Section I.	\$ 4,161,697.51
Appropriation for depreciation and amortization from reserve for contingencies	6,340.54

\$ 4,168,038.05

TORONTO TRANSPORTATION COMMISSION

TORONTO TRANSPORTATION COMMISSION AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF ACCUMULATED SURPLUS
FOR THE YEAR ENDING DECEMBER 31, 1936

Balance, December 31, 1935			\$623,308.90
Deduct:			
Loss less profit on disposal or retirement of road and equipment and miscellaneous charges (net) applicable to prior years	\$ 44,308.84		
Appropriation to adjust provisions in prior years for depreciation and amortization	\$ 138,989.00		
Less: Part thereof appropriated from reserve for contin- gencies	70,000.00		
		68,989.00	
			113,297.84
			<u>\$510,011.06</u>
Add:			
Balance of Income for the year ending December 31, 1936			8,417.66
Balance, December 31, 1936			<u><u>\$518,428.72</u></u>

TORONTO TRANSPORTATION COMMISSION

GRAY COACH LINES, LIMITED

BALANCE SHEET

ASSETS

CAPITAL ASSETS:

Motor coaches, launches and other equipment, at cost	\$ 1,745,488.87	
Franchise rights, at cost	446,781.00	
		\$ 2,192,269.87

INVESTED FUNDS:

Dominion Government and municipal bonds at cost (market value \$444,050.00)	425,960.48
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CURRENT AND WORKING ASSETS:

Unexpired insurance premiums, prepaid licenses, etc.	\$ 25,280.06	
Trade accounts receivable, less reserve of \$1,894.85 for estimated losses	14,826.20	
Accrued interest	4,143.39	
Working funds advanced to agents and employees	2,800.00	
Cash on hand and in banks	121,683.65	
		168,733.30
		<u>\$ 2,786,963.65</u>

TORONTO TRANSPORTATION COMMISSION

GRAY COACH LINES, LIMITED

DECEMBER 31, 1936

CAPITAL, RESERVES AND LIABILITIES

CAPITAL STOCK:

Authorized and issued:		
10,000 shares of \$100.00 each		\$ 1,000,000.00

SUNDRY LIABILITIES:

Accounts payable, due and accrued	\$ 85,028.11	
Dividend at 5 per cent. payable to Toronto		
Transportation Commission	50,000.00	
		135,028.11

RESERVES FOR DEPRECIATION AND AMORTIZATION..	1,461,100.96
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OPERATING RESERVES AND RESERVES
FOR CONTINGENCIES:

For workmen's compensation and public		
liability	\$ 98,132.01	
For tickets in the hands of the public	5,303.23	
For contingencies	40,542.00	
		143,977.24

ACCUMULATED SURPLUS	46,857.34
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\$ 2,786,963.65

To the Shareholders of
Gray Coach Lines, Limited:

We have made an examination of the balance sheet of Gray Coach Lines, Limited as at December 31, 1936, and of its income account and statement of accumulated surplus for the year ending on that date. In connection therewith, we made a comprehensive examination of the detail transactions for the year by examining or testing the accounting records and other supporting evidence and obtained all the information and explanations which we required; we also made a general review of the accounting methods.

In our opinion, based upon such examination, the above balance sheet and the attached income account and statement of accumulated surplus are properly drawn up so as to exhibit a true and correct view of the state of the company's affairs as at December 31, 1936, and of the results of its operations for the year ending on that date and are as shown by its books. All our requirements as auditors have been complied with.

(Sgd.) PRICE, WATERHOUSE & CO.,

Toronto, May 4, 1937.

Chartered Accountants.

TORONTO TRANSPORTATION COMMISSION

GRAY COACH LINES, LIMITED

INCOME ACCOUNT FOR THE YEAR

SECTION

EXPENSES

Operating expenses, except those dealt with below		\$ 657,115.49
Provisions for:		
Workmen's compensation and public liability	\$ 20,000.00	
Estimated losses on trade accounts receivable	853.21	
		<u>20,853.21</u>
Income before providing for depreciation and amortization, etc., carried down to Section II.		292,295.78
		<u><u>\$ 970,264.48</u></u>

SECTION

Provisions for:		
Depreciation of motor coaches, launches and other equipment	\$ 194,261.93	
Amortization of franchise rights	29,785.00	
		<u>\$ 224,046.93</u>
Appropriated to reserve for contingencies		10,000.00
Dividend at 5 per cent. payable to Toronto Transportation Com- mission		50,000.00
Balance of income for the year carried to accumulated surplus		8,248.85
		<u><u>\$ 292,295.78</u></u>

TORONTO TRANSPORTATION COMMISSION

GRAY COACH LINES, LIMITED

ENDING DECEMBER 31, 1936

REVENUE

Earnings from passengers	\$ 859,345.99
Interest on invested funds and bank balances	16,412.19
From sundry other sources	94,506.30

\$ 970,264.48

Income before providing for depreciation and amortization, etc., brought down from Section I.	\$ 292,295.78
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\$ 292,295.78

TORONTO TRANSPORTATION COMMISSION

GRAY COACH LINES, LIMITED

STATEMENT OF ACCUMULATED SURPLUS
FOR THE YEAR ENDING DECEMBER 31, 1936

Balance, December 31, 1935		\$ 39,284.52
Deduct:		
Loss on disposal of obsolete materials	\$ 1,299.22	
Less:		
Miscellaneous recoveries	623.19	676.03
		\$ 38,608.49
Add:		
Balance of Income for the year ending December 31, 1936		8,248.85
Balance, December 31, 1936		
		\$ 46,857.34

